

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

S

W-01967A
Stoneman Lake Water Company, Inc.
PO Box 10061
Sedona, AZ 86339

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2009
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RECEIVED

MAY 15 2010

ARIZONA CORP. COMM.
Water Utilities

FOR COMMISSION USE

ANN 04	09
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3-16-10

COMPANY INFORMATION

Company Name (Business Name) <u>STONEMAN LAKE WATER CO INC</u>		
Mailing Address <u>P.O. BOX 10061</u>		
(Street)	(City)	(State) (Zip)
<u>SEDONA, AZ</u>	<u>86339</u>	
Telephone No. (Include Area Code) <u>928-282-4601</u>	Fax No. (Include Area Code) <u>SAME</u>	Cell No. (Include Area Code)
Email Address <u>FRANE@ESEDONA.NET</u>		
Local Office Mailing Address <u>SAME</u>		
(Street)	(City)	(State) (Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address		

MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> Regulatory Contact: <u>DAN SHARP</u>		
<input checked="" type="checkbox"/> Management Contact: <u>EDWARD A. ELLIOTT</u> <u>PRESIDENT</u>		
(Name)	(Title)	
<u>P.O. BOX 10061</u> <u>SEDONA, AZ</u> <u>86339</u>		
(Street)	(City)	(State) (Zip)
<u>928-282-4601</u>	<u>SAME</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>N/A</u>		
On Site Manager: <u>EDWARD A. ELLIOTT</u>		
(Name)		
<u>P.O. BOX 10061</u> <u>SEDONA, AZ</u> <u>86339</u>		
(Street)	(City)	(State) (Zip)
<u>928-282-4601</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>N/A</u>		

Statutory Agent: EDWARD A. ELLIOTT
 (Name)

P.O. BOX 10061 SEDONA, AZ 86339
 (Street) (City) (State) (Zip)

928-232-4601 SAME
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: _____
 (Name)

 (Street) (City) (State) (Zip)

 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input checked="" type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

STONEMAN LAKE WATER CO INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD) 590	O.C.L.D. (OC less AD)
301	Organization	9500.00	475.00	9025.00
302	Franchises			
303	Land and Land Rights	31,000.00	—	31,000.00
304	Structures and Improvements	7577.96	378.89	7199.07
307	Wells and Springs	15615.00	783.75	14831.25
311	Pumping Equipment	3423.38	171.16	3252.22
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	22640.84	1132.04	21508.80
331	Transmission and Distribution Mains	6650.00	332.50	6317.50
333	Services	2850.00	142.50	2707.50
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	4750.00	237.50	4512.50
340	Office Furniture and Equipment			
341	Transportation Equipment ATV	36671.90	1833.59	34838.31
343	Tools, Shop and Garage Equipment	9,500.00	475.00	9025.00
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	150 239.08	5961.93	144 277.15

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	9025.00	5%	451.25
302	Franchises			
303	Land and Land Rights	31,000.00	—	—
304	Structures and Improvements	7,199.07	5%	359.95
307	Wells and Springs	14891.25	5%	744.56
311	Pumping Equipment	3252.22	5%	162.61
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	21508.80	5%	1075.44
331	Transmission and Distribution Mains	6317.50	5%	315.87
333	Services	2707.50	5%	135.37
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	4512.50	5%	225.62
340	Office Furniture and Equipment			
341	Transportation Equipment ATV	34838.31	5%	1741.91
343	Tools, Shop and Garage Equipment	9025.00	5%	451.25
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	144277.15		5663.83

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME

STONEMEN LAKE WATER CO INC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 2687.82	\$ 397.49
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	1526.92	2068.80
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets *		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 4214.74	\$ 2466.29
	FIXED ASSETS		
101	Utility Plant in Service	\$ 151 079.13	\$ 159 504.86
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	- 5961.96	- 46694.00
121	Non-Utility Property ACC AMORTIZATION		- 10200.00
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 145,117.17	\$ 102610.86
	TOTAL ASSETS	\$ 149 331.91	\$ 105077.15

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

* UNDEPOSITED FUNDS

COMPANY NAME

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 1827.25	\$ —
232	Notes Payable (Current Portion)	82309.16	95032.33
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 84136.91	\$ 95032.33
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 84136.91	\$ 95032.33
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 400.00	\$ 400.00
211	Paid in Capital in Excess of Par Value	72273.40	26188.51
215	Retained Earnings	-7478.40	-16543.69
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 65195.00	\$ 10044.82
	TOTAL LIABILITIES AND CAPITAL	\$ 149331.91	\$ 105077.15

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 12071.72	\$ 10410.27
460	Unmetered Water Revenue		
474	Other Water Revenues	1000.00	708.08
	TOTAL REVENUES	\$ 13071.72	\$ 11116.35
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	4459.73	6069.67
621	Office Supplies and Expense	78.96	150.00
630	Outside Services	3043.78	400.00
635	Water Testing		
641	Rents		
650	Transportation Expenses	3862.45	13131.83
657	Insurance - General Liability		132.00
659	Insurance - Health and Life		135.00
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	1773.07	2762.01
408	Taxes Other Than Income	112.57	274.12
408.11	Property Taxes	115.00	
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 13445.56	\$ 23054.63
	OPERATING INCOME/(LOSS)	\$ -373.84	\$ -11938.28
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ -373.84	\$ -11938.28

COMPANY NAME

STONEMAN LAKE WATER CO INC

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ N/A

Meter Deposits Refunded During the Test Year

\$ N/A

COMPANY NAME	STONEMAN LAKE WATER CO INS
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-609467	5	30		8"	N/A	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
TOM DRUM SPRING	UNKNOWN	UNKNOWN
DURHAM SPRING	UNKNOWN	UNKNOWN

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	0	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000	1	N/A	N/A
7,000	1	N/A	N/A
10,000	2	N/A	N/A

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	STONEMAN LAKE WATER CO INC		
Name of System:	ADEQ Public Water System Number:		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	UNKNOWN
3	GALVANIZED	UNKNOWN
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

2 SPRINGS
1 WELLS
1 PUMP HOUSE
4 WATER TANKS

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	STONEMAN LAKES WATER CO INC		
Name of System:	ADEQ Public Water System Number:		

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	18			
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTALS →				

What is the level of arsenic for each well on your system? 0.0098 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs N/A

If system has chlorination treatment, does this treatment system chlorinate continuously? N/A
☐ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	STONE	
Name of System:	ADEQ Public Water System Number:	

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	N/A	N/A	N/A
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS →	↓	↓	↓

OTHER (description):

COMPANY NAME STONEMAN LAKE WATER CO YEAR ENDING 12/31/2009

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2009 was: \$ NONE

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 25 2010

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>COCONINO</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>ABBIE DENTON - ACCOUNTANT</u>
COMPANY NAME	<u>STONEMAN LAKE WATER CO INC</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2009</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Abbie Denton - ACCOUNTANT
SIGNATURE OF OWNER OR OFFICIAL
928-284-4625
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

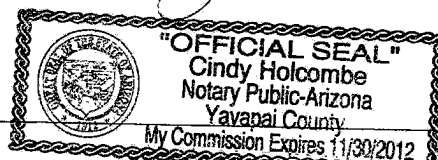
THIS 2nd DAY OF

(SEAL)

MY COMMISSION EXPIRES 11-30-2012

COUNTY NAME	<u>Yavapai</u>
MONTH	<u>March</u>
	<u>2010</u>

Lindy Holcombe
SIGNATURE OF NOTARY PUBLIC



COMPANY NAME _____ YEAR ENDING 12/31/2009

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability SEE 1ST PAGE 1040

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Abbie Denton
SIGNATURE

3/
DATE

ABBIE DENTON
PRINTED NAME

ACCOUNTANT
TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

MAR 15 2009

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	COCONINO AZ CORP COMM
NAME (OWNER OR OFFICIAL) TITLE	ABBIE DENTON- ACCOUNTANT Director Utilities
COMPANY NAME	STONEMAN LAKE WATER CO INC

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2009 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1116.35

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

COUNTY NAME	
MONTH	.20__

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAR 16 2010

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	COCONINO	AZ CORP COMM
NAME (OWNER OR OFFICIAL) TITLE	Director Utilities	
COMPANY NAME	STONEMAN LAKE WATER CO INC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2009 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1116.35

(THE AMOUNT IN BOX ABOVE
INCLUDES \$

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

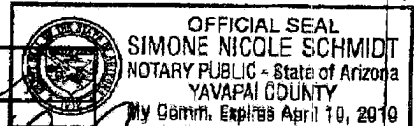
THIS

22

DAY OF

[Signature]
SIGNATURE OF OWNER OR OFFICIAL
928 282 4601
TELEPHONE NUMBER

COUNTY NAME Yavapai
MONTH March 2010



(SEAL)

MY COMMISSION EXPIRES

4/10/10

[Signature]
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

MAR 15 2010

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>COCONINO</u>		
NAME (OWNER OR OFFICIAL) <u>FRAN ELLIOTT</u>	TITLE <u>V. Pres</u>	
COMPANY NAME <u>STONEMAN LAKE Water Co. Inc</u>		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH <u>12</u>	DAY <u>31</u>	YEAR <u>2009</u>
--------------------	------------------	---------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2009 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 11,116.35

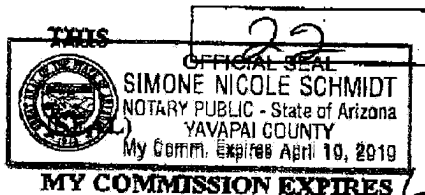
THE AMOUNT IN BOX AT LEFT
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

[Signature]
SIGNATURE OF OWNER OR OFFICIAL
928 282 4601
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



NOTARY PUBLIC NAME <u>Simone Nicole Schmidt</u>	
COUNTY NAME <u>Yavapai</u>	
MONTH <u>March</u>	YEAR <u>2010</u>

[Signature]
SIGNATURE OF NOTARY PUBLIC

Form 1120S

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

► Do not file this form unless the corporation has filed or is
attaching Form 2553 to elect to be an S corporation.
► See separate instructions.

OMB No. 1545-0130

2009

For calendar year 2009 or tax year beginning , 2009, ending ,

A Selection effective date 01/01/07	Use IRS label. Other- wise, print or type.	Name Stoneman Lake Water Company	D Employer identification number 26-1332969
B Business activity code number (see instrs) 221300		Number, street, and room or suite no. If a P.O. box, see instructions. P.O. Box 10061	E Date incorporated 01/01/07
C Check if Sch M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code Sedona AZ 86339	F Total assets (see instructions) \$ 90,346.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If 'Yes,' attach Form 2553 if not previously filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change
(4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year 2**Caution.** Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

I N C O M E	1a Gross receipts or sales	11,116.	b Less returns and allowances		c Bal	1c	11,116.
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c					3	11,116.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					4	
	5 Other income (loss) (attach statement)					5	
	6 Total income (loss). Add lines 3 through 5					6	11,116.
D E D U C T I O N S	7 Compensation of officers					7	
	8 Salaries and wages (less employment credits)					8	
	9 Repairs and maintenance					9	5,641.
	10 Bad debts					10	
	11 Rents					11	
	12 Taxes and licenses					12	274.
	13 Interest					13	
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)					14	22,272.
	15 Depletion (Do not deduct oil and gas depletion.)					15	
	16 Advertising					16	
	17 Pension, profit-sharing, etc, plans					17	
S E E I N S T R U C T I O N S	18 Employee benefit programs					18	
	19 Other deductions (attach statement) * STMT.					19	27,339.
	20 Total deductions. Add lines 7 through 19					20	55,526.
	21 Ordinary business income (loss). Subtract line 20 from line 6					21	-44,410.
T A X A N D P A Y M E N T S	22a Excess net passive income or LIFO recapture tax (see instructions)		22a				
	b Tax from Schedule D (Form 1120S)		22b				
	c Add lines 22a and 22b (see instructions for additional taxes)					22c	
	23a 2009 estimated tax payments and 2008 overpayment credited to 2009		23a				
	b Tax deposited with Form 7004		23b				
	c Credit for federal tax paid on fuels (attach Form 4136)		23c				
	d Add lines 23a through 23c					23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached					24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed					25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid					26	
27 Enter amount from line 26 Credited to 2010 estimated tax			Refunded		27		

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer Ally Denton Date 3/13/10 Title VP

May the IRS discuss this return
with the preparer shown below
(see instructions)?☒ Yes ☐ NoPaid
Preparer's
Use OnlyPreparer's
signatureFirm's name
(or yours if
self-employed),
address, and
ZIP code

DENTON ACCOUNTING
6486 Hwy 179 Ste 105
SEDONA

Date

Check if self-
employed ☐

Preparer's SSN or PTIN

EIN 26-3808328

Phone no. (928) 284-4625

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.) _____

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) _____

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) _____

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d** _____

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation ☐ Yes ☐ No

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____		
2 See the instructions and enter the: a Business activity <u>Water Company</u> b Product or service <u>Water Sales</u>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a QSub election made? _____ * STMT.	X	
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? _____		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount _____ If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years _____ \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year _____ \$		
8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L and M-1 _____	X	

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 -44,410.
2 Net rental real estate income (loss) (attach Form 8825)	2
3a Other gross rental income (loss)	3a
b Expenses from other rental activities (attach statement)	3b
c Other net rental income (loss). Subtract line 3b from line 3a	3c
4 Interest income	4
5 Dividends: a Ordinary dividends	5a
b Qualified dividends	5b
6 Royalties	6
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
b Collectibles (28%) gain (loss)	8b
c Unrecaptured section 1250 gain (attach statement)	8c
9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type _____	10

Shareholders' Pro Rata Share Items (continued)		Total amount	
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Contributions	12a	
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c (2)	
	d Other deductions (see instructions) ... Type ▶	12d	
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instrs) Type ▶	13d	
	e Other rental credits (see instrs) Type ▶	13e	
	f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
	Foreign Transactions	14a Name of country or U.S. possession ▶	
b Gross income from all sources		14b	
c Gross income sourced at shareholder level		14c	
Foreign gross income sourced at corporate level			
d Passive category		14d	
e General category		14e	
f Other (attach statement)		14f	
Deductions allocated and apportioned at shareholder level			
g Interest expense		14g	
h Other		14h	
Deductions allocated and apportioned at corporate level to foreign source income			
i Passive category		14i	
j General category		14j	
k Other (attach statement)		14k	
Other information			
l Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued		14l	
m Reduction in taxes available for credit (attach statement)	14m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	356.
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties — gross income	15d	
	e Oil, gas, and geothermal properties — deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Property distributions	16d	
	e Repayment of loans from shareholders	16e	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and lines 14l	18	-44,410.

BAA

Form 1120S (2009)

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		2,688.		397.
2a	Trade notes and accounts receivable	1,527.		2,069.	
b	Less allowance for bad debts		1,527.		2,069.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach stmt)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	105,255.		66,987.	
b	Less accumulated depreciation	40,418.	64,837.	19,907.	47,080.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	51,000.		40,800.	
b	Less accumulated amortization	10,200.	40,800.		40,800.
14	Other assets (attach stmt)				
15	Total assets		109,852.		90,346.
Liabilities and Shareholders' Equity					
16	Accounts payable		1,827.		
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach stmt)				
19	Loans from shareholders		86,000.		98,723.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock		400.		400.
23	Additional paid-in capital		78,682.		
24	Retained earnings		-57,057.		-8,777.
25	Adjustments to shareholders' equity (att stmt)				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		109,852.		90,346.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more – see instructions

1	Net income (loss) per books	-44,410.	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest . \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 14i (itemize):		6	Deductions included on Schedule K, lines 1 through 12, and 14i, not charged against book income this year (itemize):	
a	Depreciation	\$	a	Depreciation \$	
b	Travel and entertainment . \$	\$	7	Add lines 5 and 6	
4	Add lines 1 through 3	-44,410.	8	Income (loss) (Schedule K, ln 18). Ln 4 less ln 7 ...	-44,410.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-82,332.	
2	Ordinary income from page 1, line 21		
3	Other additions		
4	Loss from page 1, line 21	44,410.	
5	Other reductions		
6	Combine lines 1 through 5	-126,742.	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-126,742.	

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2009Attachment
Sequence No. **67**

Name(s) shown on return

Stoneman Lake Water Company

Identifying number

26-1332969

Business or activity to which this form relates

Form 1120S Line 21

Part I Election To Expense Certain Property Under Section 179**Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	2,150.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	19,692.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		2,150.	5.0 yrs	HY	200 DB	430.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	22,272.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No										24b If 'Yes,' is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost			
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25				
26 Property used more than 50% in a qualified business use:											
27 Property used 50% or less in a qualified business use:											
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28				
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29				

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year					43 10,200.
44 Total. Add amounts in column (f). See the instructions for where to report					44 10,200.

Schedule K-1
(Form 1120S)

2009

☐ Final K-1☐ Amended K-1

OMB No. 1545-0130

Department of the Treasury
Internal Revenue Service

For calendar year 2009, or tax

year beginning _____, 2009

ending _____, _____

Shareholder's Share of Income, Deductions, Credits, etc. ▶ See page 2 of form and separate instructions.**Part I Information About the Corporation****A** Corporation's employer identification number
26-1332969**B** Corporation's name, address, city, state, and ZIP code
Stoneman Lake Water Company
P.O.Box 10061
Sedona, AZ 86339**C** IRS Center where corporation filed return
Ogden, UT 84201-0013**Part II Information About the Shareholder****D** Shareholder's identifying number
125-42-8890**E** Shareholder's name, address, city, state, and ZIP code
Frances Elliott
P.O.Box 10061
Sedona, AZ 86339**F** Shareholder's percentage of stock
ownership for tax year 50.00000 %FOR
IRS
USE
ONLY**Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	13 Credits
-22,205.	
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	
4 Interest income	
5a Ordinary dividends	
5b Qualified dividends	14 Foreign transactions
6 Royalties	
7 Net short-term capital gain (loss)	
8a Net long-term capital gain (loss)	
8b Collectibles (28%) gain (loss)	
8c Unrecaptured section 1250 gain	
9 Net section 1231 gain (loss)	
10 Other income (loss)	15 Alternative minimum tax (AMT) items
	A 178.
11 Section 179 deduction	16 Items affecting shareholder basis
12 Other deductions	
	17 Other information

*See attached statement for additional information.

Form 1120S, Page 1, Line 19

Other Deductions

Bank Service Charges	135.
Postage & Delivery	132.
Telephone Expense	2,762.
Professional Services	400.
Office Supplies	150.
Amortization	10,200.
Transportation Expense	12,023.
Power/Propane Cost	428.
Auto Expense	1,109.
Total	27,339.

Form 1120S, Page 2, Schedule B, Question 3

Ownership of Domestic Corporation

Name..... Fran Elliot
Address P.O.Box 10061
Address line 2..
City Sedona State AZ ZIP Code 86339
Employer identification number (EIN) 26-1332969
Percentage owned 50.00
If 100% owned, was a QSub election made? Yes ☐ No ☐

Name..... Ed Elliot
Address P.O.Box 10061
Address line 2..
City Sedona State AZ ZIP Code 86339
Employer identification number (EIN) 26-1332969
Percentage owned 50.00
If 100% owned, was a QSub election made? Yes ☐ No ☐